

BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA  
COLUMBIA, SOUTH CAROLINA

HEARING #10892

OCTOBER 29, 2007

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ALLOWABLE EX PARTE BRIEFING

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TRANSCRIPT OF TESTIMONY AND PROCEEDINGS  
VOLUME 2 OF 2

COMMISSIONERS PRESENT: G. O'Neal HAMILTON, CHAIRMAN; and  
COMMISSIONERS ELIZABETH G. "LIB" FLEMING and Randy MITCHELL.

ADVISOR TO COMMISSION: Joseph Melchers, Esq.

STAFF: Charles L.A. Terreni, Chief Clerk/Administrator; James  
Spearman, PhD., Executive Assistant to Commissioners; and Jo Elizabeth  
M. Wheat, CVR-CM-GNSC, Court Reporter.

APPEARANCES:

JOHN FANTRY, ESQUIRE, acting as non-staff  
certificator.

BOB LONG, MITCH WILLIAMS, OLLIE FRAZIER, JOHN  
CLARK, and JOHN FLITTER, PaCE board members and  
presenters

ANTHONY JAMES, presenter

K. CHAD BURGESS, ESQUIRE, representing SCE&G

CATHERINE HEIGEL, ESQUIRE, representing DUKE  
ENERGY CAROLINAS

SHANNON BOWYER HUDSON, ESQUIRE, representing  
OFFICE OF REGULATORY STAFF

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P R O C E E D I N G S

1  
2           **CHAIRMAN HAMILTON:** Commissioner Fleming will be  
3 here momentarily, but I thought we could welcome each of  
4 yo here today. We're happy to have all of you, and  
5 we're looking forward to what you have to say. And I  
6 guess probably the best thing to do would just be to go  
7 down the line and let each one of you introduce  
8 yourself. And, Mr. Fantry, good to see you back with  
9 us, too, sir. We'll begin with you, first.

10           **MR. FANTRY:** Thank you, very much. In fact, I'd  
11 like to introduce myself, and this will be the shortest  
12 you've ever hear me speak.

13           **CHAIRMAN HAMILTON:** I doubt it.

14           **MR. FANTRY:** My name is John Fantry. I have been  
15 appointed by the Office of Regulatory Staff to serve as  
16 the non-staff member for certification of this hearing  
17 today.

18           It is incumbent upon me -- I've met all of the  
19 participants here -- to ask us to remind ourselves that,  
20 during this briefing today, as part of the requirements  
21 of the statute, that we should not make any commitments,  
22 that we should not make any pre-determinations, nor seek  
23 any commitments or actions from the Commission, and vice  
24 versa, the Commission members and its staff should not  
25 seek similar commitments or analogies of yourself.

1           That being said, it is my responsibility to sit  
2           here and be quiet the rest of the day, Mr. Chairman, and  
3           I wish you a happy hearing.

4           **CHAIRMAN HAMILTON:** Thank you. Thank you, sir.  
5           Ms. Hudson?

6           **MS. HUDSON:** Thank you, Chairman Hamilton, and  
7           thank you for allowing us to conduct this allowable ex  
8           parte briefing. The first presenter is going to be Mr.  
9           Anthony James from ORS, followed by Mr. Bob Long from  
10          SCE&G. And I'll turn everything over to Mr. James right  
11          now.

12          **CHAIRMAN HAMILTON:** Okay. Mr. James, if we could  
13          maybe delay for just a second or two, to give  
14          Commissioner Fleming an opportunity to be here. I think  
15          she's here, and she was on the telephone, and as soon as  
16          she can get off she'll be here with us.

17          **MR. JAMES:** Okay, that's fine.

18          **CHAIRMAN HAMILTON:** You can understand that.

19          **MR. JAMES:** Uh-huh.

20          **CHAIRMAN HAMILTON:** I can't sing or dance, so I  
21          don't know what we're going to do.

22          **MR. MELCHERS:** I think you were doing a pretty good  
23          job of dancing.

24          **CHAIRMAN HAMILTON:** Maybe we can find some point of  
25          interest -- and I certainly don't want to talk about the

1 Tennessee game. I'm sure somebody might want to talk  
2 about the Clemson game.

3 [WHEREUPON, Commissioner Fleming joins the proceedings.]

4 COMMISSIONER FLEMING: Hello.

5 CHAIRMAN HAMILTON: Okay, she completed her  
6 telephone call, so we can get started, Mr. James.

7 MR. JAMES: Well, good morning. My name is Anthony  
8 James, and I work with the Office of Regulatory Staff.  
9 I was just asked to give a brief background, a little  
10 bit about how PaCE came to be.

11 But before I start, I just want to again say thanks  
12 for the support from ORS management, that they supported  
13 an idea I had a couple of years ago about green power.

14 So, green power, or PaCE, really has its roots  
15 founded in a research paper I did when I was in grad  
16 school. I was a MEERM candidate -- that's Master of  
17 Earth and Environmental Resource Management -- and  
18 that's offered through the USC School of The  
19 Environment. I took Laws 826 under Professor Cumberland  
20 at USC's law school, and the research paper I wrote was  
21 entitled "Green Power for South Carolina."

22 So these next slides, I just kind of give -- I  
23 highlight some of the milestones in the development of  
24 PaCE. In April of '05, as we just talked about, that's  
25 when I submitted my research paper. I'm proud to say I

1 did receive an A in the class and also an A on the  
2 paper.

3 In December of '05, I was asked to go ahead and e-  
4 mail that to Advanced Energy/North Carolina GreenPower,  
5 the Energy Office, Progress, Duke, E&G, Santee Cooper,  
6 and Lockhart, to let them know that ORS would be taking  
7 a closer look at green power in 2006. The only folks  
8 that you may not know much about up there would be  
9 Advanced Energy and NC GreenPower. That group kind of  
10 administers the GreenPower program in North Carolina.  
11 NC GreenPower is a subsidiary of Advanced Energy, and  
12 Advanced Energy has been around for some time. They  
13 primarily focus on energy-efficient motors and  
14 evaluating the industrial processes to try to make those  
15 processes more efficient.

16 So moving ahead, bright and early January of 2006,  
17 our initial meeting, which was an obvious first step,  
18 was to meet with Progress and Duke, because we knew they  
19 were active participants in the North Carolina  
20 GreenPower program. So we asked them to come to ORS to  
21 talk a little bit about how that works. And also, to  
22 increase our understanding of green power, we visited  
23 the North Carolina State University solar center, to  
24 evaluate that, which was a pretty interesting visit.  
25 They have a model home up there, where it's powered by

1 all renewable energy sources. They have solar panels  
2 all over the place, and there was a wind turbine out  
3 back. And what I found most interesting was their panel  
4 -- a net metering panel, where they had the two meters  
5 set up, where you could identify the power being placed  
6 on the grid or being pulled off the grid, as needed.

7 So, moving on into May of '06, this is where we  
8 worked with the Energy Office, and this is the meeting I  
9 call the big powwow. We pulled all potential  
10 participants together that may participate in a South  
11 Carolina green power program to talk about what a  
12 program like that might look like.

13 Moving into February 2007, folks from ORS, as well  
14 as the Energy Office, we rode to North Carolina to sit  
15 in and observe a North Carolina GreenPower board meeting  
16 and, once again, to express our interest in that program  
17 in North Carolina. And following that meeting, a short  
18 time thereafter, we asked the president/executive  
19 director of Advanced Energy, who is also the president  
20 of NC GreenPower, Dr. Bob Koger, to come to ORS and have  
21 a serious discussion about how could we move this idea  
22 forward. And I say that is the pivotal meeting in the  
23 development process of PaCE, because soon thereafter we  
24 had frequent contacts and discussions with potential  
25 participants, and we talked about the structure, what it

1       should look like in South Carolina. We talked about the  
2       name quite a bit. And ultimately we decided on a  
3       structure, we decided on the name of PaCE in July of  
4       '07.

5               So that's really -- that's all I have. And next  
6       up, we have the chairman of PaCE, Mr. Bob Long.

7               **MR. LONG:** Thank you, Commissioners.

8               **CHAIRMAN HAMILTON:** Yes, sir.

9               **MR. LONG:** The PaCE board is here, and I'd like to  
10      introduce them. Seated with me is Mitch Williams from  
11      Progress Energy, serving as our vice-chair; Ollie  
12      Frazier, from Duke Energy of the Carolinas, serving as  
13      our secretary/treasurer; John Clark, with the South  
14      Carolina Energy Office; and John Flitter, with the  
15      Office of Regulatory Staff.

16              At the far end of the table is Catherine Heigel,  
17      with Duke Energy, and beside me is Chad Burgess, with  
18      South Carolina Electric & Gas, as our counsel.

19              We thank you. We thought we would give a brief  
20      update on how we've been able to proceed with the  
21      Palmetto Clean Energy. I've outlined that we would talk  
22      a little bit about available -- or, renewable resources  
23      that we're trying to create in South Carolina and help  
24      promote in South Carolina, a little about the mission of  
25      Palmetto Clean Energy, concentrate a little time on how



1       this works, and then the time line for becoming  
2       operational.

3               We hope to promote renewable energy resources that  
4       are of the kind of solar and wind, small hydro, methane  
5       that can be from landfill gas or other sources, and more  
6       notable in South Carolina, the availability of biomass  
7       from agricultural or wood waste or animal waste.

8               We were incorporated at the beginning of August.  
9       Currently, we have our tax exempt status pending. The  
10      objective and the mission is to promote renewable energy  
11      development -- development of renewable energy resources  
12      in South Carolina.

13              The participants will be the customers of investor-  
14      owned utilities in South Carolina. Our governance is  
15      the five members who are seated here at the table,  
16      representing the three investor-owned utilities, Office  
17      of Regulatory Staff, and the South Carolina Energy  
18      Office.

19              An effective way of communicating these days is  
20      through the website, so we're in the process of  
21      developing the website, which will be on -- which will  
22      be palmettocleanenergy.org and .com. And that is under  
23      development now.

24              And we have talked with representatives from North  
25      Carolina GreenPower, to capitalize on the lessons

1 learned in their operation.

2 Our mission is to encourage the development of  
3 renewable resources. The customers will have an  
4 opportunity, will be invited to voluntarily participate  
5 in the program. The contributions will be used to help  
6 fund the incentives needed for development by renewable  
7 generators. And through this partnership of the  
8 investor-owned utilities, the PaCE operation, PaCE  
9 corporation, the investors -- I mean, the customers'  
10 contributions, that we will be able to make a difference  
11 in South Carolina and set a pace for the development of  
12 renewable energy.

13 ' mentioned the websites, and currently they're  
14 under development with the expectation that in December  
15 we will have something with questions and answers and  
16 more information that people can go find.

17 I'd like to spend a minute on this chart, to try to  
18 draw a visual of how a customer and a utility works with  
19 PaCE and a renewable generator, to help this development  
20 of renewable generation. I've listed at the top a PaCE  
21 participant, which will be a customer of one of the  
22 investor-owned utilities in South Carolina. That  
23 customer will be invited and may elect to contribute \$4  
24 in addition to their bill, \$4 toward the renewable  
25 energy development. The investor-owned utilities will

1 be the conduit and offer the customer-service services,  
2 to be the customer contact to receive the \$4, to sign up  
3 the customer, to offer the billing functions, and to  
4 offer a statement back to the customer for their  
5 contribution.

6 That contribution will be passed directly to PaCE.  
7 PaCE is not a utility. PaCE is a third-party  
8 administrator. PaCE will facilitate identifying  
9 renewable generators, qualifying them, marketing --  
10 offer marketing services and administrative services to  
11 try to get the renewable generators aware of the  
12 possibilities in South Carolina. Net of the expenses of  
13 PaCE, the contributions will be provided to the  
14 renewable generators. Now, the renewable -- to  
15 qualified renewable generators. Now, the renewable  
16 generator will have an obligation to provide a block of  
17 energy to that customer that made the contribution. So,  
18 in the example, for the \$4 of contribution made by that  
19 customer, the customer expects 100 kilowatt-hours of  
20 renewable energy to be placed on the system at some time  
21 in the future. So the renewable generator will enter  
22 into an agreement with the utility -- SCE&G, Duke, or  
23 Progress -- to provide electricity, renewable  
24 electricity, at the avoided-energy cost of that utility.  
25 When that renewable generator provides the energy, it

1 will notify PaCE and say, "I have given the 100  
2 kilowatt-hours of energy," and then PaCE will provide  
3 the financial incentive, in addition to the energy cost,  
4 to the renewable generator.

5 We may need to come back to that if it's not so  
6 clear, but let me try two more slides that may also  
7 outline how this works.

8 The utilities are serving as a conduit, collecting  
9 contributions from their customers that go toward the  
10 development of renewable generators. PaCE will  
11 aggregate the demands, sum that up. PaCE will search  
12 for or advertise or seek renewable generators that might  
13 be interested in providing the energy. PaCE will  
14 conduct requests for proposals, will select the  
15 qualified generators, and then contract with that  
16 generator to pass along a premium to them.

17 The utility will, at the same time, be negotiating  
18 with that renewable generator to provide -- to pay --  
19 enter into a power purchase agreement to pay the  
20 generator for energy at the avoided-energy cost. The  
21 renewable generator will then deliver power and report  
22 to PaCE that it has delivered that power, and then PaCE  
23 will pass that premium, the contribution, along to the  
24 generator.

25 Just as an example with numbers, a utility, for

1        example, may have an avoided-energy cost that varies in  
2        the seasons, but if it were to average at 5 cents per  
3        kilowatt-hour, it would pay the generator 5 cents for  
4        each kilowatt-hour it provides to its system. PaCE will  
5        take that \$4 that it has received and, net of the  
6        expenses that it may incur, may pass along 3 cents, in  
7        this example, to the generator. The generator then has  
8        a total of 8 cents received, to operate and to provide  
9        the energy.

10       Our time line is outlined that we have been  
11       incorporated and we are currently monitoring the status  
12       of our request for tax-exempt status. The investor-  
13       owned utilities have intentions to file with this  
14       Commission tariffs that have a PaCE rider for your  
15       review -- for your approval. We expect the website to  
16       go live in December, to have more information --  
17       questions -- answer more -- have questions and answers  
18       for our customers.

19       Early in 2008, we expect approval of our -- on our  
20       tax-exempt status. We can begin signing up customers,  
21       and then early in the first quarter of 2008 we'll have a  
22       campaign -- or our intentions are for a campaign  
23       centered around Earth Day, promoting that to our  
24       utilities. Hopefully that will draw a lot of attention  
25       and encouragement for customers to sign up to make the

1 contributions.

2 If I've gone over matters that I need to revisit,  
3 now would be a time for some questions, or if you have  
4 questions for others of us on the panel, we'll be glad  
5 to take the questions.

6 **CHAIRMAN HAMILTON:** Okay. I wonder if the other  
7 members of the panel have any statements or anything  
8 they would like to add at this time, before we go to  
9 questions. Mitch?

10 **MR. WILLIAMS:** I'm available to help answer  
11 questions if needed, but I think Bob has given a very  
12 good summary of the program.

13 **CHAIRMAN HAMILTON:** Okay. Thank you, very much.  
14 Okay. We'll be open for questions, then.  
15 Commissioners? Or Staff?

16 [No response.]

17 **CHAIRMAN HAMILTON:** Okay. In North Carolina, how  
18 many participants have signed up, and how long has that  
19 program been in effect?

20 **MR. FRAZIER:** The North Carolina GreenPower  
21 organization started about 2003. We have about 12,000  
22 customers signed up at this time, representing roughly  
23 24,000 blocks of energy.

24 **CHAIRMAN HAMILTON:** About how many kilowatt hours  
25 that'd be?

1           **MR. FRAZIER:** It would be -- roughly, doing 24,000  
2           with two zeroes on the end of it. Somebody's that's  
3           good with math can --

4           **CHAIRMAN HAMILTON:** What source of renewables are  
5           you --

6           **MR. FRAZIER:** We have a diverse resource group  
7           right now. We have roughly, 80-some -- approaching 90,  
8           probably -- solar panels that are supplying energy, we  
9           have a clean wood-burning group, and we had a couple of  
10          landfills, and some small wind -- I think we have a  
11          couple of small wind turbines. There's some hydros. We  
12          have a cluster of small hydros that bid in together. We  
13          have that, also.

14          **CHAIRMAN HAMILTON:** What percentage are we talking  
15          about? I know we're hearing these renewable percentage  
16          figures that's goals of 12-1/2, 15. Where are we?

17          **MR. FRAZIER:** The organization itself doesn't have  
18          any goals. The only goal it really made when it first  
19          started out was to have about 10 percent of it come from  
20          wind and solar, and we continue to work towards that.  
21          But we don't have an overall goal that all the  
22          generation in North Carolina should be from, whatever.

23          **CHAIRMAN HAMILTON:** Thank you. Commissioner  
24          Fleming?

25          **COMMISSIONER FLEMING:** Yes. I wanted -- well,

1 first of all, I wanted to find out what the effect of  
2 this you anticipate will be on net metering. I  
3 understand from one of our previous hearings that  
4 there's very little net metering -- taking advantage of  
5 net metering -- because of this program in North  
6 Carolina. What do you anticipate, or is there anyway --  
7 have you found ways to improve that, so that both can be  
8 taken advantage of?

9 MR. WILLIAMS: Well, they both are options for our  
10 customers in North Carolina, and will be in South  
11 Carolina. And the customer makes the option to  
12 participate in one or the other, based upon several  
13 factors, I presume, but one of them is the program which  
14 will pay them the most money.

15 Because of the size -- the size of the North  
16 Carolina program has grown to the point that that  
17 program can afford to pay a premium to small solar PV  
18 systems, typically the residential class, in excess --  
19 it's 18 cents a kilowatt-hour right now. That is being  
20 revisited, but for now that's what it is. So most  
21 customers find that that, economically, is better for  
22 them than doing net metering.

23 COMMISSIONER FLEMING: The company?

24 MR. WILLIAMS: No, the customer.

25 COMMISSIONER FLEMING: The customer.



1           **MR. WILLIAMS:** The customers find that they prefer  
2           to get the premium from NC GreenPower, rather than go  
3           through the net metering process, because there is a  
4           difference of between 18 cents and on the other hand it  
5           would be offsetting their usage at avoided-cost rates,  
6           so you're talking the 6 to 8 cent range. So  
7           economically they prefer to participate in NC  
8           GreenPower.

9           The challenge there -- and it will be a challenge  
10          for us here -- is that over time, your portfolio can  
11          only afford so much energy at 18 cents a kilowatt-hour  
12          when you're only taking in 4 cents. The way it's offset  
13          up there is, the portfolio includes a substantial amount  
14          of energy from landfill methane and some wind, at a  
15          relatively low cost, in the penny-a-kilowatt-hour range,  
16          and because of the magnitude of kilowatt-hours, we get a  
17          lot of bang for the buck, and which gives us a lot of  
18          money then on the other hand to enable us to pay 18  
19          cents a kilowatt-hour for the solar PV, because there's  
20          not that much of it.

21          The challenge for us here as we are starting up is  
22          to find that balance of what can we afford. We'll need  
23          to have some low-cost stuff, and John may want to talk  
24          more about what he sees as available in this State. But  
25          your portfolio has to have some of that low-cost

1       renewables in order to create the economic -- the bank  
2       account to use to pay for the high-cost. But they both  
3       provide two choices for the customers, and they can pick  
4       whichever is the most advantageous for them.

5               **COMMISSIONER FLEMING:** And where do the incentives  
6       from the Energy Policy Act play into this? Like  
7       incentives for businesses that use alternative energy  
8       resources and --

9               **MR. WILLIAMS:** John may want to --

10              **COMMISSIONER FLEMING:** -- residences, and how is  
11       that going to play into this?

12              **MR. WILLIAMS:** That offsets the customer's cost up-  
13       front, so it -- I mean, it helps them pay for the  
14       systems. John, you want to add anything to that?

15              **MR. CLARK:** Well, I think you're talking about the  
16       federal Energy Policy Act.

17              **COMMISSIONER FLEMING:** Right. I don't think we  
18       have -- do we have incentives in South Carolina?

19              **MR. CLARK:** We do now, that just passed in June.

20              **COMMISSIONER FLEMING:** Okay.

21              **MR. CLARK:** So, we have --

22              **COMMISSIONER FLEMING:** Have they taken effect?

23              **MR. CLARK:** Yes, ma'am.

24              **COMMISSIONER FLEMING:** Okay.

25              **MR. CLARK:** And you basically get about a 25

1       percent income tax credit for equipment to produce --  
2       equipment purchased to produce renewable energy, is  
3       basically what it is. And there is also a production  
4       credit of 1 cent a kilowatt-hour and 9 cents a therm for  
5       producing energy from biomass resources.

6               Now, these just -- I mean, it was literally in the  
7       legislature and went into effect in June.

8               **COMMISSIONER FLEMING:** So it's just beginning.

9               **MR. CLARK:** It's in its infancy, and I couldn't  
10       tell you whether anybody's taken advantage of it so far.  
11       But that's brand-new in South Carolina.

12               And one other thing that we've got in South  
13       Carolina, that ought to make this solar a lot more  
14       attractive, is we've got a 25 percent tax credit for  
15       purchase of solar equipment, including the kind that you  
16       put in residential photovoltaic equipment to put on a  
17       home. There's a federal tax credit on this equipment of  
18       30 percent, so these are income tax credits, so that  
19       means basically you can use tax money to pay for 55  
20       percent of the equipment. What's been missing is, once  
21       you've got the photovoltaic equipment there, is what to  
22       do with it selling it back into the grid, and of course,  
23       now we're beginning to move forward a little bit with  
24       this net metering. But as Mitch was saying, in North  
25       Carolina, and I would expect here, when this program is

1 running, this pays a lot better than net metering. So I  
2 think, with the incentives to buy the equipment, and  
3 then the attractive rate to sell back into the system,  
4 that's what really ought to get solar going off in a big  
5 way here.

6 **COMMISSIONER FLEMING:** So, they can take advantage  
7 of the incentives -- even though they may not do the net  
8 metering, they can choose to go the green power. Okay.  
9 That's what I

10 **MR. CLARK:** Yes.

11 **COMMISSIONER FLEMING:** -- was not aware of.  
12 And could you go a little bit more into the payback  
13 system that you were saying the 4 cents plus the 3 cents  
14 from -- or 5 cents, whatever those figures were.

15 **MR. LONG:** Yeah. I was trying to draw the  
16 distinction between the renewable generator having two  
17 sources of money flowing to it. Let me just flip back  
18 to the slide so I can maybe refer to that.

19 **COMMISSIONER FLEMING:** Okay.

20 **MR. LONG:** In this case, the \$4 shown that's shown  
21 there is a contribution by a customer. That \$4 will  
22 find itself, in total, to the Palmetto Clean Energy  
23 third-party administrator role. It will be collected by  
24 the utility and passed directly to PaCE. So PaCE will  
25 have \$4.

1           PaCE then will look at the renewable generators and  
2           negotiate a contract with that generator for a premium  
3           to pay to it for development, for being a generator.  
4           And that could be, as Mitch referred to, 1 cent for  
5           landfill gas, biomass, some existing generation, to  
6           maybe 10 cents, 18 cents to a solar that has capital  
7           investment that then they need more. So the \$4  
8           contribution will find its way to the renewable  
9           generator, net of the expenses in PaCE, in some number  
10          to be negotiated with that type of renewable generator.

11          The renewable generator, once it generates energy  
12          and passes that to the utility, the utility will have  
13          engaged in a contract to buy the energy at avoided-  
14          energy cost. So the renewable generator, in the example  
15          here, will be selling energy, selling renewable  
16          electricity that it generates, to the utility, and  
17          receiving avoided-energy income -- avoided-energy-cost  
18          energy, in this example, 5 cents.

19          **COMMISSIONER FLEMING:** But that -- and the 3 cents  
20          varies?

21          **MR. LONG:** And the 3 cents could vary, as Mitch  
22          pointed out, to solar -- if we need to incent solar, or  
23          due to the capital investment, 3 cents may not attract a  
24          solar generator.

25          **COMMISSIONER FLEMING:** Okay. That's what -- when

1       you said maybe 3 cents, I just wanted the clarification.

2               **MR. LONG:** Right.

3               **COMMISSIONER FLEMING:** Thanks.

4               **MR. LONG:** Thank you.

5               **CHAIRMAN HAMILTON:** Commissioner Mitchell?

6               **COMMISSIONER MITCHELL:** Thank you. Thank you, Mr.  
7 Chairman. Glad to have all of you with us. I really  
8 appreciate you all being here and taking the time, and I  
9 appreciate ORS for having it organized.

10              The first question I've got, how does the average  
11 consumer know about this, or how are you going to notify  
12 them? Is it through a mail-out, or are you going to  
13 have ads in the paper? How does John Doe out there know  
14 about this?

15              **MR. LONG:** PaCE will initiate some marketing  
16 effort, so that all investor-owned utilities can have a  
17 bill insert, as one means of making people aware. PaCE  
18 will have a website, and that website will be linked,  
19 under Palmetto Clean Energy, to each of the utilities,  
20 to the South Carolina Energy Office, to the Office of  
21 Regulatory Staff, to whatever means we can find that  
22 will promote it. And possibly PaCE could have  
23 billboards. Within the investor-owned utilities, there  
24 are speaker bureaus. There will be a large effort to  
25 try to make people, customers, aware of the opportunity

1 to participate in the PaCE program.

2 COMMISSIONER MITCHELL: Anything in the individual  
3 bills that will be mailed out? Which I would think  
4 would be a good way to reach a lot of people that may  
5 not have access to an Internet, or a lot of other  
6 reasons.

7 MR. LONG: I believe once or twice a year, we will  
8 have the intention of having a mail-out. And maybe the  
9 timing, as we've indicated, around Earth Day might be a  
10 greater awareness of people already being aware, in  
11 addition to receiving a reminder or an opportunity to  
12 become a PaCE participant in their bill.

13 COMMISSIONER MITCHELL: You mentioned earlier  
14 waste, animal waste, wood waste. Tell me what kind of  
15 percentage that's figuring into the overall picture,  
16 because I -- you know, I sit here in South Carolina and  
17 see all the agriculture, the poultry waste, a tremendous  
18 amount of poultry production that we have around. What  
19 kind of percentage is that going to -- or what are you  
20 looking at now? Do you have any numbers to that  
21 question?

22 MR. LONG: John, did you want to speak to that?

23 MR. CLARK: You know, the North Carolina folks say  
24 -- what do you have there in North Carolina?

25 MR. WILLIAMS: Well, basically, we -- I don't think

1 we have any goals or anything in mind.

2 COMMISSIONER MITCHELL: Right.

3 MR. WILLIAMS: That's the first question.

4 COMMISSIONER MITCHELL: And I know you're, you  
5 know, at a relatively starting place, but I just -- you  
6 know, I know from experience in dealing with agriculture  
7 that there's a tremendous amount of volume you're going  
8 to have of animal waste, in this State, and I know a lot  
9 of people who would like to see it harnassed in that  
10 manner, other than how it's being used now. Anything  
11 being developed in North Carolina, Mitch?

12 MR. WILLIAMS: We have had -- what we've done up  
13 there, and I think what we'll probably wind up doing  
14 here is putting out an RFP.

15 COMMISSIONER MITCHELL: Right.

16 MR. WILLIAMS: So, then, whatever we ultimately do  
17 will be largely dependent upon the responses to the RFP,  
18 so we know what's out there and what people can produce  
19 and at what price. Then the other part of the equation  
20 is, obviously, how many subscriptions do we have or how  
21 much money has come in and what can we afford to buy?

22 But hopefully, we will get some interest from a  
23 wide array of resources. We have had, in North  
24 Carolina, some animal waste bids. We had one, as I  
25 recall, Ollie, that, after some time, just never could



1 get their facility online and they ultimately went away.

2 COMMISSIONER MITCHELL: Right. And, naturally,  
3 price is going to influence -- you know, whatever they  
4 can get the most bang for their buck. I understand  
5 that, too.

6 MR. WILLIAMS: That's right.

7 COMMISSIONER MITCHELL: But I tell you, I think  
8 that's a source that a lot of people might overlook,  
9 because of the tremendous amount that we have -- and  
10 that wood waste also, because I'm very familiar with  
11 that, and a number of loggers and things that are  
12 throughout the State. There's a tremendous amount of  
13 that.

14 MR. CLARK: Mr. Commissioner, I just --

15 COMMISSIONER MITCHELL: Certainly, yes, sir.  
16 Interrupt me anytime.

17 MR. CLARK: I'm sorry. I just wanted to follow up  
18 on your question there. In the Energy Office, we work  
19 with some others, with the South Carolina Biomass  
20 Council, to do a study of the availability of poultry  
21 waste, because that's -- as you know from the  
22 agricultural sector, that's where we've got our confined  
23 animals, as opposed to -- don't have as much in cattle  
24 or hogs. But the poultry stuff is there. And we have  
25 determined that the Btu potential is there, and so, you

1 know, the question is, is the technology to get the  
2 equipment to do this in a cost-effective way, so they  
3 can respond to the RFPs.

4 But I think it's there. We've also got some --  
5 those tax incentives I was talking about would apply to  
6 organizations wanting to generate electricity, to  
7 purchase the equipment to generate electricity. So I  
8 think with the tax incentives, combined with this  
9 program to buy the energy, and perhaps some of the  
10 research-and-development and demonstration project  
11 grants that we also got passed in June, that this may  
12 all come together and that may be one of our viable  
13 sources.

14 **COMMISSIONER MITCHELL:** Well, in the early, finite  
15 stages of animal waste, would that be more or less  
16 looking on an individual basis, supplying some power  
17 from our particular operation, or is it still looking at  
18 the overall picture as far as the entire State? Or can  
19 you put any thought on that?

20 **MR. CLARK:** What these -- yeah. What the engineers  
21 -- these academic engineers that do these studies -- are  
22 telling us is that the best promise seems to be to take  
23 a 50-to-60 mile radius and bring it together and get a  
24 critical mass, that it's hard to do it on an  
25 installation-by-installation basis, because you've got

1 to get some sort of scale to make the equipment worth  
2 it. And if you do, you may be producing more energy  
3 than the facility needs.

4 So it may be that basically you take the model that  
5 we've got with landfill gas, and bring it to a central  
6 site, and you've got the methane and then you create the  
7 electricity out of it, and you can feed it into the grid  
8 anywhere. They seem to think that 50 to 60 miles is  
9 about -- radius -- is about as far as you can go without  
10 having transportation costs be too big of a factor.

11 **COMMISSIONER MITCHELL:** Right. And I guess the  
12 landfill would probably fit into that perspective -- you  
13 know, you could probably -- landfill is more regional  
14 and could easily fit into that picture, an overall  
15 picture, couldn't they.

16 **MR. CLARK:** Yes, sir.

17 **COMMISSIONER MITCHELL:** Yeah. Thank you, that's  
18 all.

19 **CHAIRMAN HAMILTON:** I imagine NIMBY is going to be  
20 involved with this, just like it is with a landfill,  
21 when you're getting ready to move waste to another  
22 neighborhood.

23 How far is the technology? I've had some  
24 discussion with other commissions on animal waste, and I  
25 haven't got a feeling that the technology is developed

1 to any practical level on being able to get the methane  
2 generated from the animal waste.

3 MR. CLARK: You know, I believe they're doing it  
4 some -- it's not unusual out in the Midwest where you've  
5 got the big cattle feed lots.

6 CHAIRMAN HAMILTON: And it is working?

7 MR. CLARK: Yeah. But what we've got here, the  
8 challenge with the poultry waste is a little bit  
9 different. And the poultry waste does not have as many  
10 BTUs per pound as, say, cattle or hog waste does.

11 But the technology seems to be getting better. And  
12 one respect it's getting better is it's getting where  
13 smaller and smaller scale will work. And that is sort  
14 of the key, because if you can't do something on a  
15 reasonably small scale, then you've got to transport it  
16 large distances, and that's the other problem.

17 But it seems to me that the studies we were having  
18 done were getting to 7, 8, 9 cents a kilowatt-hour that  
19 you could produce electricity from poultry waste. So if  
20 you start adding in the tax incentives for purchasing  
21 the equipment, then you can get that number down to  
22 something a little more effective. So, we're getting  
23 close.

24 CHAIRMAN HAMILTON: And on wood waste, I think that  
25 has been practical and can be done. I don't know how

1 expensive it is. But a program like this could make it  
2 worthwhile. Like the paper mills that we have, most of  
3 their waste, they move it and use it for particleboard  
4 and other things, that they don't have as much waste  
5 because of the flexibility that they can use the  
6 byproducts with.

7 But it could be where it could be an item that they  
8 could burn more of the waste and it would be practical  
9 for them to generate their power instead of having to  
10 purchase it?

11 **MR. CLARK:** Yes, sir. And I think the most  
12 attractive options here in South Carolina -- the  
13 cheapest, because you don't have to build new facilities  
14 -- would be to co-fire wood waste with coal.

15 I know SCE&G is looking at that very seriously.  
16 Santee Cooper has also been looking at that down there  
17 in Berkeley County. So this would be part of our  
18 program, if you mixed -- if you had a mixture of 90  
19 percent coal, 10 percent wood waste, that you would get  
20 -- that that 10 percent of the BTUs being produced in  
21 the wood waste would count as green power.

22 **MR. WILLIAMS:** I might add, Commissioner, I know of  
23 one facility -- in fact, it's been critical to the  
24 success of NC GreenPower, because it's been able to  
25 provide a lot of kilowatt-hours at low cost, and it's a

1 wood-waste-burning facility that co-fires poultry waste.  
2 I think there are issues with firing poultry waste,  
3 regarding emissions and one thing and another, and that  
4 mix seems to work and it's been economical for them.  
5 And there are plenty of those resources in South  
6 Carolina, as well, if somebody can come up with a plan  
7 to build a plant to burn it.

8 **CHAIRMAN HAMILTON:** About 20 years ago, in the  
9 landfill business, there was a big drive to burn  
10 municipal waste, and generation was thought, but it  
11 never got off the ground. Is there any thought about  
12 going back that way? With the lack of landfill space,  
13 is that a practical approach?

14 **MR. CLARK:** You know, to my knowledge, and I think  
15 the power is just going to Progress Energy, and there is  
16 a facility down there in Charleston, I think it's  
17 Foster-Wheeler facility in the old naval base, where  
18 they burn about 600 tons a day. Now, the economics of  
19 that one, as I understood it, was that you had a steam  
20 customer, which was the naval yard, which is no longer  
21 there, and the federal government still has a contract  
22 to buy the steam -- and I think they may vent some of  
23 that steam -- and then they co-generate electricity, and  
24 I believe Progress Energy is still buying some of that.

25 **MR. WILLIAMS:** Yeah.

1           **MR. CLARK:** That's the only one. You know, that  
2           one gets to be sort of -- when we're talking about green  
3           power, and a lot of the advocates of green power don't  
4           like to look at municipal solid waste as green, and my  
5           personal opinion is it gets a little bit of a bum rap  
6           because there's just stuff that was done 25, 30 years  
7           ago probably had a lot of emissions problems. I think  
8           the state-of-the-art today is that it actually can be  
9           built pretty clean.

10           But if we started trying to put that in here, then  
11           I think we would take something that was mom and apple  
12           pie, as far as everybody liking green power, and create  
13           something controversial. So, from a public relations  
14           standpoint, I'm just not sure that would be a good idea.

15           **CHAIRMAN HAMILTON:** You don't you think your board  
16           would like to jump on that? Okay. Thank you, very much.  
17           Commissioner Fleming?

18           **COMMISSIONER FLEMING:** Yes, I wanted to go -- what  
19           do you anticipate the administrative costs of this will  
20           be?

21           **MR. LONG:** We hope very minimal.

22           **COMMISSIONER FLEMING:** So you're looking at what  
23           percentage, so that the remainder --

24           **MR. WILLIAMS:** Except for Board salaries.

25   [Laughter]

1           **COMMISSIONER FLEMING:** That eats up half of it,  
2           right?

3           **MR. LONG:** We hope it will be very minimal. I  
4           should let you know that to help this funding along, to  
5           help this process along, the investor-owned utilities  
6           are providing seed money, so there is a source of  
7           starting-up costs. We've applied for a grant, or  
8           grants, and we hope to be successful on some of those.  
9           The large funding, though, will be from the  
10          participants.

11          Each of the utilities are providing, where they  
12          can, in-kind services. So when I mentioned the Palmetto  
13          Clean Energy website, we have Duke Energy offering some  
14          in-kind services to help us get that going, so the Board  
15          recognizes the costs to start up, and the careful  
16          attention to ideally paying out as much as possible.

17          I don't have first-hand knowledge to say that in  
18          the North Carolina model they take in \$4 and pay out \$3,  
19          but I think I've heard that that is an estimate.

20          **MR. WILLIAMS:** ThdW's righW.

21          **MR. LONG:** That's why I've chosen in this case, if  
22          we receive \$4 then maybe 25 percent of it could be  
23          administrative. We don't have that experience yet, but  
24          we're working very carefully to pay out as much and all  
25          that we can.



1           **COMMISSIONER FLEMING:** That's a little high for a  
2           nonprofit, isn't it, 25 percent? Don't they usually aim  
3           for about 10 to 13 percent?

4           **MR. LONG:** A lot of that will depend on how much  
5           participation we get, and if we have a lot of  
6           contributions then whatever fixed legal costs or admin  
7           costs that may be involved -- and to correct Mitch,  
8           there are no salaries being paid to directors or anyone.  
9           So, then, we -- I haven't looked at it from the  
10          standpoint of the percentage, but we are very careful  
11          about the expenses.

12          **COMMISSIONER FLEMING:** And have you --

13          **MR. LONG:** I think Mitch wanted to add a comment.

14          **MR. WILLIAMS:** I just want to add, the 25 percent,  
15          bear in mind, that funds marketing, and that is the  
16          biggest expense. You have to have some communication --  
17          someone's already mentioned it -- communication to let  
18          the public know this is an option, it's available, what  
19          we're about, how they participate. You have to have  
20          that. And what we are saying is, our vision is that we  
21          would devote only \$1 out of the \$4 to that effort, plus  
22          whatever other minimal, I believe, administrative  
23          expenses we will have.

24          **MR. CLARK:** And that's exactly what I was going to  
25          say. The marketing -- I think on the front end, the

1 marketing is critical. Because if you don't get the  
2 buyers, then we can't pay the producers.

3 So we took the number -- we didn't pull the number  
4 out of the air. We basically took the number -- that \$4  
5 is what they're charging in North Carolina. \$3 seems to  
6 be the average what it's costing. We did talk about  
7 bringing it -- lowering it lower, and we said, "You  
8 know, we don't know -- it looks like it's going to take  
9 a pretty big marketing effort to get this thing up and  
10 running. We don't know how much. It will be easier to  
11 lower it. If we start at \$3.25, you know, we're not  
12 going to raise it, obviously. That would have an  
13 adverse impact."

14 So what our hope is is that with -- well, the \$3 is  
15 an estimate. We don't know that we can get green energy  
16 in South Carolina for an average of \$3. That's what  
17 they're doing in North Carolina. We don't have the wind  
18 that they have, and we'll just have to see.

19 I would say it's not going to be more than \$4.  
20 We're starting with that. And I think the other thing  
21 that hasn't been mentioned here that is really a great  
22 plus and is a contrast to the Santee Cooper green power  
23 offering -- one of the contrasts -- is that the \$4 --  
24 it's a contribution. And it is a 501(c)(3) -- that's  
25 what we are applying for -- so that will be deductible

1 on their income taxes.

2 **COMMISSIONER FLEMING:** I was at a conference at Oak  
3 Ridge on solar energy last week, and they did talk about  
4 the marketing, how important it was not only to market  
5 but how you market, what appeals, and I certainly agree  
6 that you've got to do a good marketing effort to get  
7 money in.

8 Have you done any polling as to how South  
9 Carolinians feel about green power and willing to  
10 contribute?

11 **MR. CLARK:** You know, I don't think this group has  
12 done any polling. I have seen a study that's about  
13 three or four years old, a national study, where they  
14 categorized and basically they've asked that question,  
15 the willingness of consumers in the states to pay a  
16 premium for green power, and South Carolina was in the  
17 lowest category which was, I think, 5 percent or less.

18 **COMMISSIONER FLEMING:** So you need a strong  
19 marketing effort.

20 **MR. CLARK:** But I will say this, I've been kind of  
21 working on and off in this whole energy, environmental  
22 stuff for a long time, and I've never seen a more  
23 receptive climate than we do now. There's a lot of  
24 things coming together. So I think there's a lot more  
25 willingness than there used to be.

1           **CHAIRMAN HAMILTON:** Mr. Melchers, do you have a  
2 question, sir?

3           **MR. MELCHERS:** Thank you, Mr. Chairman. I was  
4 curious what the current plans are for the staffing of  
5 PaCE.

6           **MR. LONG:** Currently, we have no plans to staff  
7 PaCE. Longer term, there may be a need for a lead  
8 person or lead director or something, but in our near-  
9 term plans, we don't have plans to have any paid or  
10 permanent staff in PaCE.

11           **MR. MELCHERS:** So, very lean. The power purchase  
12 agreements, is there a set period that you are looking  
13 to get buy-in from the providers? Will these be one-  
14 year contracts, ten-year contracts? How will that be  
15 worked out, or will that vary according to the resource?

16           **MR. LONG:** We'll have to first collect the demand  
17 We shall how long a wherp wh'll havH dHPand, and WhHn paWch  
18 the generator with the demand. We do have, and will  
19 likely be included in the filing of the tariff, have a  
20 period of time for true-up. That is, if we collect the  
21 demand and find that -- it's not as if you can have a  
22 100-kilowatt-hour block today and you go get it and have  
23 it delivered today. It may be we accumulate the demand  
24 and within a two-year period of time, the energy is  
25 delivered.

1           **MR. WILLIAMS:** Just to add, we've been very open.  
2           We've talked with, as Anthony said, the North Carolina  
3           GreenPower staff, and Ollie and I are both on the Board  
4           up there, and we've had the leadership of NC GreenPower  
5           Gown, and we've gone through a lessons-learned with  
6           them. We think that's very important, so we can  
7           hopefully avoid some of the startup missteps we did up  
8           there.

9           One of the issues is, back to Bob's charts, the  
10          utilities will enter a purchased power agreement with  
11          the participating renewable generator, and that  
12          agreement can be for whatever term the utility and the  
13          generator agree upon at avoided-cost rates. And that's  
14          where the actual energy is purchased.

15          The function of PaCE, as Bob had said earlier, is  
16          to be the conduit for the premium, over and above  
17          avoided cost, that flows from the participating  
18          customers to the renewable generator. The way NC  
19          GreenPower has addressed that is NC GreenPower will  
20          enter a contract with that generator that, in essence,  
21          says, "We have agreed upon a premium per kilowatt  
22          hour, and for every kilowatt hour that you deliver to  
23          the grid through the utility, we will give you this  
24          incentive payment." However, what is contingent upon NC  
25          GreenPower, or PaCE, having the funds which come from

1 voluntary contributions. So the contract says we will  
2 pay as long as we can pay, because we have no funds, no  
3 resources, to enter and to guarantee that stream. Does  
4 that make sense?

5 MR. MELCHERS: Yes, thanks.

6 COMMISSIONER FLEMING: What's the contribution rate  
7 in North Carolina?

8 MR. WILLIAMS: Or the number of participants?

9 COMMISSIONER FLEMING: Number of -- yeah.

10 MR. WILLIAMS: We've got about 12,000.

11 COMMISSIONER FLEMING: 12,000 total?

12 MR. WILLIAMS: Yes.

13 MR. LONG: Maggie Inman visited, and I recall her  
14 stating that 12,000 participate and I believe there's a  
15 population of about 4 million.

16 COMMISSIONER FLEMING: A tiny percentage.

17 CHAIRMAN HAMILTON: I think that would probably be  
18 in line with what Santee Cooper's percentage is, too,  
19 wouldn't it? I'm sure you could probably --

20 COMMISSIONER MITCHELL: How do we live in -- "we"  
21 being the Southeast, as far as other areas of the  
22 country, in this progress? Are we behind, are we at  
23 about the same stage as maybe -- or if -- are they as  
24 well developed as we are? Has anyone did any studies as  
25 far as other states and what they're doing?

1           **MR. LONG:** I don't have a survey. I'm aware of  
2           North Carolina GreenPower being about three years old.  
3           Santee Cooper has a program. Georgia Power I believe  
4           has a program, but I don't know how old that is.

5           **COMMISSIONER MITCHELL:** So you would say we  
6           probably are further along than most states, would you?  
7           Or are we?

8           **MR. WILLIAMS:** We're very respectable, but we also  
9           have an advantage, I think. This will be one of the few  
10          programs in the country that is not utility specific.  
11          Most of the programs around the country are a utility  
12          offers renewable to its customers . This is a  
13          collaborative, joint, statewide effort among the  
14          investor-owned utilities. There are not very many of  
15          those around. It offers a lot of advantages.

16          **COMMISSIONER MITCHELL:** Administratively, that  
17          should be a big advantage with what you're trying to do,  
18          I assume.

19          **MR. WILLIAMS:** That's right, and the message that  
20          the customers hear are more consistent. I mean, we've  
21          got sort of one message out there, and then they go  
22          participate with their local provider, each of the  
23          utilities.

24          **COMMISSIONER MITCHELL:** It should be an easier way  
25          to organize the whole concept, even with the ones that

1 are going to produce, if they know everybody -- all the  
2 other utilities are -- I see your point. That seems  
3 like a very good concept.

4 MR. WILLIAMS: Right.

5 COMMISSIONER MITCHELL: I guess we learn from other  
6 states then maybe.

7 MR. WILLIAMS: Yes, sir.

8 COMMISSIONER FLEMING: Tell me if I'm not supposed  
9 to ask this question, or don't answer it. North  
10 Carolina has -- they now passed a law that they have to  
11 provide a certain percentage of their electricity from  
12 the renewables, or alternatives. Are you planning --  
13 are the utilities planning to reach that goal through  
14 green power? Or how are you planning to reach those  
15 percentages? Because only 12,000 people sounds like it  
16 might be a hard road to get there.

17 MR. WILLIAMS: As some of us may remember, that's  
18 the \$64,000 question. We don't know. We are actively  
19 engaged, all of the utilities in North Carolina now that  
20 are subject to that new law, in trying to develop plans  
21 to comply. It is widely acknowledged that that is a  
22 very aggressive goal, and there are questions about how  
23 achievable it is. It assumes a significant amount of  
24 wind energy, and we just don't know where it's going to  
25 come from.



1           There are limitations in North Carolina more so  
2           than down here, in the law, that impact the ability to  
3           develop wind.

4           **COMMISSIONER FLEMING:** What about the solar?

5           **MR. WILLIAMS:** Solar is a potential resource. It's  
6           just so costly. The law up there, that RPS, does have a  
7           solar set-aside, so we are expected to do our best to  
8           procure 2/10 percent of that from solar. But the whole  
9           bill has a cost cap to protect consumers. So as we get  
10          into it and see what all this is costing, there is an  
11          off-ramp based on cost. The law up there does not allow  
12          the utilities to count the renewable energy provided  
13          pursuant to NC GreenPower. We can't count that as a  
14          part of compliance with the RPS.

15          **COMMISSIONER FLEMING:** Okay.

16          **MR. WILLIAMS:** That's not our preference, but  
17          that's the way it came out. And we are, like I said, we  
18          are in the early stages of developing plans for  
19          compliance.

20          The fact that we now have an RPS, it raises some  
21          questions for the NC GreenPower Board, which Ollie and I  
22          and others are grappling with, what is going to be the  
23          impact on the availability and price of renewables now  
24          for NC GreenPower? Is it going to drive the price up?  
25          How much can we afford? We still think NC GreenPower

1 has a place. It's always good to offer customers a  
2 voluntary option, and they'll have that option. And as  
3 long as they support it, we will continue to strive to  
4 meet their demands.

5 **COMMISSIONER FLEMING:** But it will be up to the  
6 companies to meet the goal?

7 **MR. WILLIAMS:** That's right. The obligation to  
8 meet the requirement, the RPS requirement, is on the  
9 utilities.

10 **COMMISSIONER FLEMING:** And Florida has an even  
11 bigger goal, as I understand, so it's really -- the  
12 Southeast is really --

13 **MR. WILLIAMS:** And part of that, you know, the  
14 states have different goals, but they also -- there's  
15 lots of differences from state to state as to what  
16 counts, what resources are eligible.

17 **CHAIRMAN HAMILTON:** I think that -- if we don't  
18 have any other questions, I would like to commend each  
19 of you for the part you're playing in this, and I think  
20 it is a start in the right direction. I'm happy to see  
21 us moving together in that direction. I'm looking  
22 forward to your results as you move into next year and  
23 start signing up the folks. And anything we can do, we  
24 certainly -- under Act 175 we offer you anything that we  
25 can do to help you move this program along, because I

1 think it's something that we have needed to see and I'm  
2 real proud.

3 Thank you again. Do you have any closing remarks  
4 that any member of the panel would like to make? We  
5 don't want to leave until everyone's had an opportunity  
6 to say what they think needs to be said.

7 [No response.]

8 **CHAIRMAN HAMILTON:** Seeing no volunteers,  
9 thank you for coming.

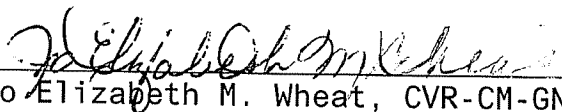
10 [WHEREUPON, at 12:40 p.m., on October 29,  
11 2007, the ex parte briefing was  
12 concluded.]

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21  
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29

C E R T I F I C A T E

I, Jo Elizabeth M. Wheat, CVR-CM-GNSC, do hereby certify that the foregoing is, to the best of my skill and ability, a true and correct transcript of all the proceedings had in an allowable ex parte briefing in the above-captioned matter, held in Columbia, South Carolina, on October 29, 2007, according to my Stenomask report of same.

Given under my hand this 29th day of October,  
2007.

  
Jo Elizabeth M. Wheat, CVR-CM-GNSC  
Court Reporter